

CORNING COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

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**Corning Community School District
Board Of Education and School District Officials
Year Ended June 30, 2021**

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|----------------------------------|------------------------------|-------------------------|
| Board of Education | | |
| Gwen Larsen | President | 2023 |
| Amy Grau | Vice President | 2023 |
| Howard Anderson | Board Member | 2021 |
| James Houck | Board Member | 2021 |
| Scott Shuey | Board Member | 2021 |
| School District Officials | | |
| Chris Fenster | Superintendent | 2021 |
| Jodi Lyddon | District Secretary/Treasurer | 2021 |
| Ahlers & Cooney, PC | Attorney | Indefinite |



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Corning Community School District
Corning, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Corning Community School District, Corning, Iowa, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Corning Community School District as of June 30, 2021, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 4 through 13 and 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corning Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2020, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of Corning Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corning Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 21, 2021

Corning Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from \$7,104,830 in fiscal 2020 to \$7,515,833 in fiscal 2021, while General Fund expenditures decreased from \$6,691,997 in fiscal 2020 to \$6,912,995 in fiscal 2021. This resulted in an increase in the District's General Fund balance from \$1,169,428 in fiscal 2020 to \$1,772,130 in fiscal 2021, a 5.15 percent increase from the prior year.
- The increase in General Fund revenues was mostly attributable to an increase in property tax and state aid.
- Overall, the District's net position in the governmental activities increased by \$1,551,110 and increased by \$111,354 in the business-type activities.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide Financial Statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

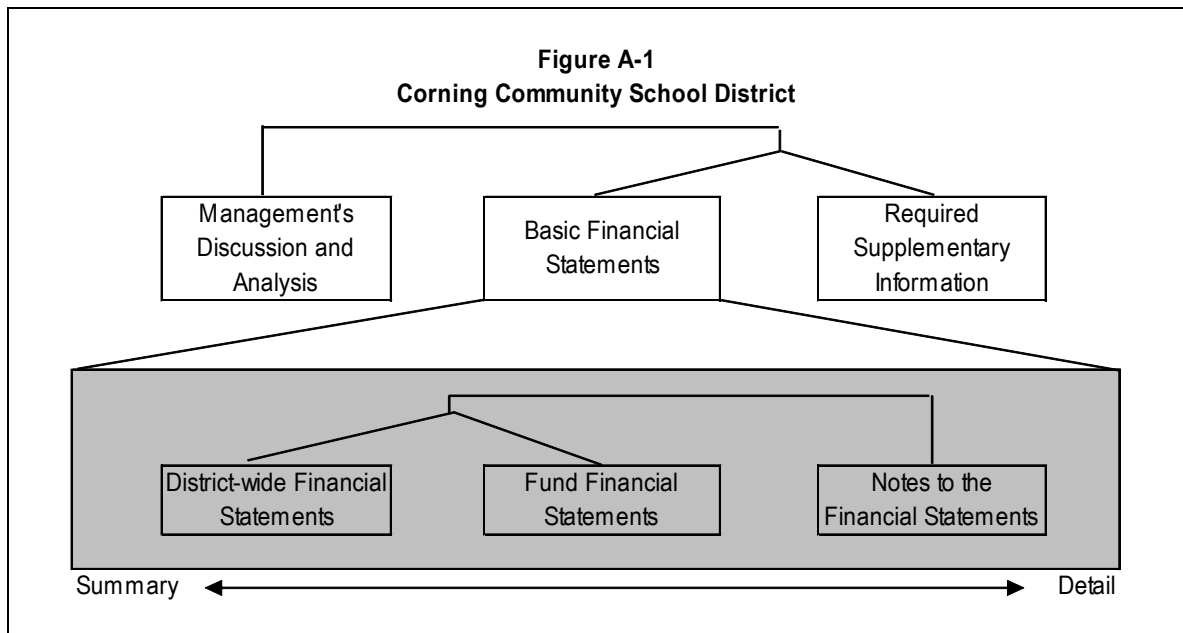


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

| Figure A-2 | | | | |
|--|---|--|---|---|
| Major Features of the District-Wide and Fund Financial Statements | | | | |
| | District-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire district (except fiduciary funds) | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance | Activities the district operates similar to private businesses: · food services | Instances in which the district administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | · Statement of Net Position · Statement of activities | · Balance sheet · Statement of revenues, expenditures, and changes in fund balances | · Statement of Net Position · Statement of revenues, expenses and changes in Net Position · Statement of cash flows | · Statement of fiduciary Net Position · Statement of changes in fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of deferred outflow / inflow information | Consumption / acquisition of net position that is applicable to a future reporting period | Consumption / acquisition of fund balance that is applicable to a future reporting period | Consumption / acquisition of net position that is applicable to a future reporting period | Consumption / acquisition of net position that is applicable to a future reporting period |
| Type of inflow/ outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net Position is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Capital Projects Fund, Special Revenue Funds, and Debt Service Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise fund, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and Early Childhood Education Center Fund.

Government-Wide Financial Analysis

Net assets - Figure A-3 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-3
Condensed Statement of Net Position
(Expressed in Thousands)

| | Governmental Activities June 30, | | Business Type Activities June 30, | | Total District June 30, | | Total Change June 30, |
|--|--|---------|---|-------|-------------------------------|---------|-----------------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020-2021 |
| | as restated | | | | as restated | | |
| Current and other assets | \$ 8,555 | 7,294 | 148 | 45 | 8,703 | 7,339 | 18.6% |
| Capital assets | 10,050 | 10,228 | 10 | 13 | 10,060 | 10,241 | -1.8% |
| Total assets | 18,605 | 17,522 | 158 | 58 | 18,763 | 17,580 | 6.7% |
| Deferred outflows of resources | 955 | 745 | 52 | 29 | 1,007 | 774 | - |
| Long-term liabilities | 7,675 | 7,751 | 182 | 143 | 7,857 | 7,894 | -0.5% |
| Other liabilities | 1,100 | 1,014 | 15 | 29 | 1,115 | 1,043 | 6.9% |
| Total liabilities | 8,775 | 8,765 | 197 | 172 | 8,972 | 8,937 | 0.4% |
| Deferred inflows of resources | 4,657 | 4,925 | 9 | 23 | 4,666 | 4,948 | -5.7% |
| Net Position: | | | | | | | |
| Invested in capital assets, net of related debt | 6,411 | 5,928 | 10 | 13 | 6,421 | 5,941 | 8.1% |
| Restricted | 1,464 | 878 | - | - | 1,464 | 878 | 66.7% |
| Unrestricted | (1,747) | (2,229) | (6) | (121) | (1,753) | (2,350) | -25.4% |
| Total Net Position | \$ 6,128 | 4,577 | 4 | (108) | 6,132 | 4,469 | 37.2% |

**Corning Community School District
Management's Discussion and Analysis
Year ended June 30, 2021**

Changes in net assets – Figure A-4 shows the changes in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

**Figure A-4
Changes in Net Position
(Expressed in Thousands)**

| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|--|----------------------------|-------|-----------------------------|-------|---------------------|-------|-----------------|
| | Year ended June 30, | | Year ended June 30, | | Year ended June 30, | | June 30, |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020-2021 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for service | \$ 1,284 | 1,246 | 162 | 118 | 1,446 | 1,364 | 6.0% |
| Operating grants, contributions and restricted interest | 1,717 | 1,236 | 369 | 157 | 2,086 | 1,393 | 49.7% |
| General revenues: | | | | | | | |
| Property tax | 4,408 | 4,079 | - | - | 4,408 | 4,079 | 8.1% |
| Statewide sales, service and use tax | 405 | 461 | - | - | 405 | 461 | -12.1% |
| Unrestricted state grants | 1,730 | 1,598 | - | - | 1,730 | 1,598 | 8.3% |
| Unrestricted investment earnings | - | 20 | - | - | - | 20 | -100.0% |
| Other | 127 | 62 | 4 | 17 | 131 | 79 | 65.8% |
| Total revenues | 9,671 | 8,702 | 535 | 292 | 10,206 | 8,994 | 13.5% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction | 4,999 | 5,183 | - | - | 4,999 | 5,183 | -3.6% |
| Support services | 2,702 | 2,757 | - | - | 2,702 | 2,757 | -2.0% |
| Non-instructional programs | - | - | 440 | 351 | 440 | 351 | 25.4% |
| Other expenses | 402 | 648 | - | - | 402 | 648 | -38.0% |
| Total expenses | 8,103 | 8,588 | 440 | 351 | 8,543 | 8,939 | -4.4% |
| Transfers in (out) | (17) | - | 17 | - | - | - | |
| Change in net position | 1,551 | 114 | 112 | (59) | 1,663 | 55 | 2923.6% |
| Net position beginning of year, as restated | 4,577 | 4,463 | (108) | (49) | 4,469 | 4,414 | 1.2% |
| Net position end of year | \$ 6,128 | 4,577 | 4 | (108) | 6,132 | 4,469 | 37.2% |

Property tax and unrestricted state grants account for 40 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 9.9 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were \$9,671,000 and expenses were \$8,103,000.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

| | Total Cost of Services | | Change 2020- 2021 | Net Cost of Services | | Change 2020- 2021 |
|----------------------------|------------------------|-------|-------------------------|----------------------|-------|-------------------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Instruction | \$ 4,999 | 5,183 | -3.6% | 2,546 | 3,237 | -21.3% |
| Support services | 2,702 | 2,757 | -2.0% | 2,343 | 2,409 | -2.7% |
| Non-instructional programs | - | - | - | - | - | - |
| Other expenses | 402 | 648 | -38.0% | 213 | 460 | -53.7% |
| Totals | \$ 8,103 | 8,588 | -5.6% | 5,102 | 6,106 | -16.4% |

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$1,284,002.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,716,960.
- The net cost of governmental activities was financed with \$4,408,027 in property tax, \$405,219 in local option sales and service tax, \$1,729,514 in state foundation aid, \$136 in interest income, and \$127,598 in other general revenues.

Business Type Activities

Revenues of the District's business-type activities during the year ended June 30, 2021, were \$534,411 and expenses were \$440,057. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Individual Fund Analysis

As previously noted, the Corning Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the District completed the year, its governmental funds reported combined fund balances of \$3,188,600, above last year's ending fund balances of \$1,951,307. The primary reason for the increase in combined fund balances in fiscal 2021 was due to increase in property tax through cash reserve levy.

Governmental Fund Highlights

- The General Fund balance increased from \$1,169,428 to \$1,772,130. The District's increasing General Fund financial position is the product of many factors. The district increase in general fund revenues was due to cash reserve levy.
- The Debt Service Fund balance increased from \$162,950 in fiscal year 2020 to \$187,900 in fiscal 2021.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$38,356 in fiscal 2020 to \$42,358 in fiscal 2021.
- The Statewide Sales, Services and Use Tax balance increased from \$331,167 in fiscal 2020 to \$517,788 in fiscal 2021.
- The Management Fund balance increased from \$146,223 in fiscal year 2020 to \$583,242 in fiscal 2021.
- The Activity Fund balance decreased from \$103,183 in fiscal year 2020 to \$85,182 in fiscal 2021.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from (\$108,008) in fiscal 2020 to \$3,346 in fiscal 2021, representing an increase of 103.1%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were \$804,764 more than the total budgeted receipts, a variance of 7.9%.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had invested \$10,060,343 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$510,770.

The original cost of the District's capital assets were \$16,476,121. Governmental funds account for \$16,312,490 with the remainder of \$163,631 in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|-----------------------------------|----------------------------|------------------------|-----------------------------|-----------|-------------------|------------------------|-----------------|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2021 | 2020 as restated | 2021 | 2020 | 2021 | 2020 as restated | 2020- 2021 |
| Land | \$ 194 | 194 | - | - | 194 | 194 | 0.0% |
| Construction in progress | - | - | - | - | - | - | - |
| Buildings | 7,873 | 8,090 | - | - | 7,873 | 8,090 | -2.7% |
| Improvements other than buildings | 786 | 802 | - | - | 786 | 802 | -2.0% |
| Furniture and equipment | 1,197 | 1,142 | 10 | 13 | 1,207 | 1,155 | 4.5% |
| Totals | <u>\$10,050</u> | <u>10,228</u> | <u>10</u> | <u>13</u> | <u>10,060</u> | <u>10,241</u> | <u>-1.8%</u> |

Long-Term Debt

At June 30, 2021, the District had \$2,840,000 in general obligation bonds, \$763,000 in revenue bonds and \$104,000 for an early-retirement plan. This represents a decrease of approximately .5% from last year, including the pension and OPEB liability. More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

| | Total District | | Total Change |
|-----------------------------------|-------------------|--------------|-----------------|
| | June 30, | | June 30, |
| | 2021 | 2020 | 2020-2021 |
| General obligation bonds | \$ 2,840 | 3,400 | -16.5% |
| General obligation bonds discount | (11) | (12) | -8.3% |
| General obligation bonds premium | 47 | 52 | -9.6% |
| Revenue bonds | 763 | 860 | -11.3% |
| Early retirement | 104 | 119 | -12.6% |
| Net pension liability | 3,156 | 2,582 | 22.2% |
| Net OPEB liability | 958 | 893 | 7.3% |
| Totals | <u>\$ 7,857</u> | <u>7,894</u> | <u>-0.5%</u> |

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Historically, the District has entered into annual contracts with its collective bargaining unit. Settlements in excess of new money or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance. Corresponding cost reductions will be made to offset the cost of negotiated settlements and other cost increases.
- Increased health insurance cost, transportation costs, and decrease in state aid due to decreased enrollment have and will continue to impact the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jodi Lyddon, District Secretary/Treasurer and Business Manager, Corning Community School District, PO Box 229, Corning, Iowa, 50841.

Corning Community School District

Basic Financial Statements

Corning Community School District
Statement of Net Position
June 30, 2021

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 3,340,884 | 124,901 | 3,465,785 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 66,224 | - | 66,224 |
| Succeeding year | 4,082,301 | - | 4,082,301 |
| Income surtax | 181,420 | - | 181,420 |
| Accounts | 580 | 18,450 | 19,030 |
| Due from other governments | 883,555 | - | 883,555 |
| Inventories | - | 4,561 | 4,561 |
| Capital assets, net of accumulated depreciation | 10,050,137 | 10,206 | 10,060,343 |
| Total assets | 18,605,101 | 158,118 | 18,763,219 |
| Deferred Outflow of Resources | | | |
| Pension related deferred outflows | 955,444 | 52,018 | 1,007,462 |
| Liabilities | | | |
| Accounts payable | 601,827 | 1,592 | 603,419 |
| Salaries and benefits payable | 488,427 | 13,556 | 501,983 |
| Accrued interest payable | 9,467 | - | 9,467 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds | 299,457 | - | 299,457 |
| Revenue bonds | 102,000 | - | 102,000 |
| Early retirement | 74,279 | - | 74,279 |
| Portion due after one year: | | | |
| Net OPEB liability | 908,013 | 50,446 | 958,459 |
| Net pension liability | 3,024,426 | 131,779 | 3,156,205 |
| General obligation bonds | 2,576,199 | - | 2,576,199 |
| Revenue bonds | 661,000 | - | 661,000 |
| Early retirement | 30,142 | - | 30,142 |
| Total liabilities | 8,775,237 | 197,373 | 8,972,610 |
| Deferred Inflows of Resources | | | |
| Unavailable property tax revenue | 4,082,301 | - | 4,082,301 |
| Unavailable income surtax revenue | 181,420 | - | 181,420 |
| Pension related deferred inflows | 393,121 | 9,417 | 402,538 |
| Total deferred inflows of resources | 4,656,842 | 9,417 | 4,666,259 |
| Net Position | | | |
| Net investment in capital assets | 6,411,481 | 10,206 | 6,421,687 |
| Restricted for: | | | |
| Categorical funding | 44,369 | - | 44,369 |
| Internal service | 12,389 | - | 12,389 |
| Management levy purposes | 583,242 | - | 583,242 |
| Physical plant and equipment levy | 42,358 | - | 42,358 |
| Capital projects | 517,788 | - | 517,788 |
| Student activities | 85,182 | - | 85,182 |
| Debt service | 178,433 | - | 178,433 |
| Unrestricted | (1,746,776) | (6,860) | (1,753,636) |
| Total net position | \$ 6,128,466 | 3,346 | 6,131,812 |

See notes to financial statements.

Corning Community School District
Statement of Activities
Year ended June 30, 2021

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|------------------------------------|------------------|---------------------|---|---|--------------------------|-------------|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Functions/Programs | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,742,945 | 836,248 | 1,127,026 | (779,671) | - | (779,671) |
| Special | 1,073,499 | 195,908 | 150,364 | (727,227) | - | (727,227) |
| Other | 1,182,909 | 136,304 | 7,517 | (1,039,088) | - | (1,039,088) |
| | 4,999,353 | 1,168,460 | 1,284,907 | (2,545,986) | - | (2,545,986) |
| Support Service: | | | | | | |
| Student | 108,275 | - | - | (108,275) | - | (108,275) |
| Instructional staff | 637,943 | - | - | (637,943) | - | (637,943) |
| Administration | 811,449 | - | - | (811,449) | - | (811,449) |
| Operating and maintenance of plant | 644,287 | - | - | (644,287) | - | (644,287) |
| Transportation | 500,397 | 115,542 | 243,652 | (141,203) | - | (141,203) |
| | 2,702,351 | 115,542 | 243,652 | (2,343,157) | - | (2,343,157) |
| Other expenditures: | | | | | | |
| Facilities acquisition | 130,974 | - | - | (130,974) | - | (130,974) |
| Long-term debt interest | 82,267 | - | - | (82,267) | - | (82,267) |
| AEA flowthrough | 188,401 | - | 188,401 | - | - | - |
| | 401,642 | - | 188,401 | (213,241) | - | (213,241) |
| Total governmental activities | 8,103,346 | 1,284,002 | 1,716,960 | (5,102,384) | - | (5,102,384) |
| Business type activities: | | | | | | |
| Non-instructional programs: | | | | | | |
| Food service operations | 225,905 | 40,048 | 267,845 | - | 81,988 | 81,988 |
| Child care service operations | 214,152 | 121,666 | 100,852 | - | 8,366 | 8,366 |
| | 440,057 | 161,714 | 368,697 | - | 90,354 | 90,354 |
| Total primary government | \$ 8,543,403 | 1,445,716 | 2,085,657 | (5,102,384) | 90,354 | (5,012,030) |

Corning Community School District
Statement of Activities
Year ended June 30, 2021

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|------------------|------------------------|---|---|-----------------------------|-------------|
| | | | Operating Grants, Contributions and | | | |
| | Expenses | Charges for Service | Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Totals continued from previous pages | \$ 8,543,403 | 1,445,716 | 2,085,657 | (5,102,384) | 90,354 | (5,012,030) |
| General Revenues: | | | | | | |
| Property tax levied for: | | | | | | |
| General purposes | | | | 3,479,474 | - | 3,479,474 |
| Debt service | | | | 639,898 | - | 639,898 |
| Capital outlay | | | | 288,655 | - | 288,655 |
| Statewide sales, services and use tax | | | | 405,219 | - | 405,219 |
| Unrestricted state grants | | | | 1,729,514 | - | 1,729,514 |
| Unrestricted investment earnings | | | | 136 | - | 136 |
| Other | | | | 92,164 | - | 92,164 |
| Contributions not restricted to specific programs | | | | 18,827 | 4,000 | 22,827 |
| Gain on sale of assets | | | | 16,607 | - | 16,607 |
| Total general revenues | | | | 6,670,494 | 4,000 | 6,674,494 |
| Transfers in (out) | | | | (17,000) | 17,000 | - |
| Change in net position | | | | 1,551,110 | 111,354 | 1,662,464 |
| Net position beginning of year, as restated | | | | 4,577,356 | (108,008) | 4,469,348 |
| Net position end of year | | | | \$ 6,128,466 | 3,346 | 6,131,812 |

See notes to financial statements.

Corning Community School District
Balance Sheet
Governmental Funds
June 30, 2021

| | General | Debt Service | Capital Projects | Management Levy | Non-major Student Activity | Total |
|---|---------------------|-----------------|---------------------|--------------------|-------------------------------|------------------|
| Assets | | | | | | |
| Cash, cash equivalents and pooled investments | \$ 1,957,577 | 178,105 | 534,328 | 573,565 | 84,920 | 3,328,495 |
| Receivables: | | | | | | |
| Property tax: | | | | | | |
| Delinquent | 42,333 | 9,795 | 4,419 | 9,677 | - | 66,224 |
| Succeeding year | 2,531,886 | 801,801 | 298,613 | 450,001 | - | 4,082,301 |
| Income surtax | 181,420 | - | - | - | - | 181,420 |
| Accounts | - | - | - | - | 580 | 580 |
| Due from other governments | 849,656 | - | 33,899 | - | - | 883,555 |
| Total assets | \$ 5,562,872 | 989,701 | 871,259 | 1,033,243 | 85,500 | 8,542,575 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 589,009 | - | 12,500 | - | 318 | 601,827 |
| Salaries and benefits payable | 488,427 | - | - | - | - | 488,427 |
| Total liabilities | 1,077,436 | - | 12,500 | - | 318 | 1,090,254 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenues: | | | | | | |
| Succeeding year property tax | 2,531,886 | 801,801 | 298,613 | 450,001 | - | 4,082,301 |
| Income surtax | 181,420 | - | - | - | - | 181,420 |
| Total deferred inflows of resources | 2,713,306 | 801,801 | 298,613 | 450,001 | - | 4,263,721 |
| Fund balances: | | | | | | |
| Restricted for: | | | | | | |
| Categorical funding | 44,369 | - | - | - | - | 44,369 |
| Debt service | - | 187,900 | - | - | - | 187,900 |
| Management levy purposes | - | - | - | 583,242 | - | 583,242 |
| Student activities | - | - | - | - | 85,182 | 85,182 |
| School infrastructure | - | - | 517,788 | - | - | 517,788 |
| Physical plant and equipment | - | - | 42,358 | - | - | 42,358 |
| Unassigned | 1,727,761 | - | - | - | - | 1,727,761 |
| Total fund balances | 1,772,130 | 187,900 | 560,146 | 583,242 | 85,182 | 3,188,600 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,562,872 | 989,701 | 871,259 | 1,033,243 | 85,500 | 8,542,575 |

See notes to financial statements.

**Corning Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2021**

Total fund balances of governmental funds (Exhibit C) **\$ 3,188,600**

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 10,050,137

The Internal Service Fund is used by management to track flexible spending accounts. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position 12,389

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (9,467)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

| | | | |
|--------------------------------|----|-----------|---------|
| Deferred outflows of resources | \$ | 955,444 | |
| Deferred inflows of resources | | (393,121) | 562,323 |

Long-term liabilities, including bonds payable, bond discounts, early retirement, compensated absences, other postemployment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities consist of:

| | | | |
|-----------------------------------|----|-------------|-------------|
| General obligations bonds payable | \$ | (2,840,000) | |
| Revenue bonds payable | | (763,000) | |
| Bond discount, net | | 10,757 | |
| Bond premium, net | | (46,413) | |
| Early retirement | | (104,421) | |
| Other postemployment benefits | | (908,013) | |
| Net pension liability | | (3,024,426) | (7,675,516) |

Net position of governmental activities (Exhibit A) **\$ 6,128,466**

See notes to financial statements.

Corning Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2021

| | General | Debt Service | Capital Projects | Management Levy | Non-major Student Activity | Total |
|--|--------------|-----------------|---------------------|--------------------|-------------------------------|-----------|
| Revenues: | | | | | | |
| Local sources: | | | | | | |
| Local tax | \$ 2,862,725 | 639,898 | 288,655 | 616,749 | - | 4,408,027 |
| Tuition | 827,805 | - | - | - | - | 827,805 |
| Other | 324,541 | 41 | 15,019 | 4,897 | 135,547 | 480,045 |
| State sources | 2,808,794 | 14,211 | 411,630 | - | - | 3,234,635 |
| Federal sources | 691,968 | - | - | 12,369 | - | 704,337 |
| Total revenues | 7,515,833 | 654,150 | 715,304 | 634,015 | 135,547 | 9,654,849 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 2,366,378 | - | - | 85,886 | - | 2,452,264 |
| Special | 1,023,213 | - | - | - | - | 1,023,213 |
| Other | 988,383 | - | - | - | 153,548 | 1,141,931 |
| | 4,377,974 | - | - | 85,886 | 153,548 | 4,617,408 |
| Support services: | | | | | | |
| Student | 105,426 | - | - | - | - | 105,426 |
| Instructional staff | 482,151 | - | 117,873 | - | - | 600,024 |
| Administration | 733,064 | - | - | 21,094 | - | 754,158 |
| Operation and maintenance of plant | 657,847 | - | - | 53,280 | - | 711,127 |
| Transportation | 368,132 | - | 64,668 | 36,736 | - | 469,536 |
| | 2,346,620 | - | 182,541 | 111,110 | - | 2,640,271 |
| Other expenditures: | | | | | | |
| Facilities acquisition | - | - | 222,511 | - | - | 222,511 |
| Long-term debt: | | | | | | |
| Principal | - | 657,000 | - | - | - | 657,000 |
| Interest and fiscal charges | - | 91,829 | - | - | - | 91,829 |
| AEA flowthrough | 188,401 | - | - | - | - | 188,401 |
| | 188,401 | 748,829 | 222,511 | - | - | 1,159,741 |
| Total expenditures | 6,912,995 | 748,829 | 405,052 | 196,996 | 153,548 | 8,417,420 |
| Excess (deficiency) of revenues over (under) expenditures | 602,838 | (94,679) | 310,252 | 437,019 | (18,001) | 1,237,429 |
| Other financing sources (uses): | | | | | | |
| Proceeds from disposal of assets | 16,864 | - | - | - | - | 16,864 |
| Transfers in | - | 119,629 | - | - | - | 119,629 |
| Transfers out | (17,000) | - | (119,629) | - | - | (136,629) |
| Total other financing sources (uses) | (136) | 119,629 | (119,629) | - | - | (136) |
| Change in fund balances | 602,702 | 24,950 | 190,623 | 437,019 | (18,001) | 1,237,293 |
| Fund balances beginning of year, as restated | 1,169,428 | 162,950 | 369,523 | 146,223 | 103,183 | 1,951,307 |
| Fund balances end of year | \$ 1,772,130 | 187,900 | 560,146 | 583,242 | 85,182 | 3,188,600 |

See notes to financial statements.

Corning Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statements of Activities
Year ended June 30, 2021

Net change in fund balances - total governmental funds (Exhibit E) \$ 1,237,293

Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

| | | |
|-----------------------------------|------------------|-----------|
| Capital outlays | \$ 330,079 | |
| Gain (loss) on disposal of assets | (257) | |
| Depreciation expense | <u>(507,760)</u> | (177,938) |

The Internal Service Fund is used by management to track flexible spending accounts. The change in Net Position of the Internal Service Fund is reported with governmental activities

319

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year debt activity is as follows:

| | | |
|-------------------------------|----------------|---------|
| Bond principal repaid | \$ 657,000 | |
| Amortization of bond premium | 5,801 | |
| Amortization of bond discount | <u>(1,344)</u> | 661,457 |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

5,105

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

316,529

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|------------------|-----------------|------------------|
| Early retirement | 13,994 | |
| Pension expense | (443,661) | |
| OPEB expense | <u>(61,988)</u> | <u>(491,655)</u> |

Change in net position of governmental activities (Exhibit B) \$ 1,551,110

See notes to financial statements.

Corning Community School District
Statement of Net Position
Proprietary Funds
June 30, 2021

| | Business Type Activities Enterprise Funds | Governmental Activities Internal Service Fund |
|---|--|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 124,901 | 12,389 |
| Accounts receivable | 18,450 | - |
| Inventories | 4,561 | - |
| Total current assets | 147,912 | 12,389 |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation | 10,206 | - |
| Total assets | 158,118 | 12,389 |
| Deferred Outflows of Resources | | |
| Pension related deferred outflows | 52,018 | - |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 1,592 | - |
| Salaries and benefits payable | 13,556 | - |
| Total current liabilities | 15,148 | - |
| Noncurrent liabilities: | | |
| Net pension liability | 131,779 | - |
| Net OPEB liability | 50,446 | - |
| Total noncurrent liabilities | 182,225 | - |
| Total liabilities | 197,373 | - |
| Deferred Inflows of Resources | | |
| Pension related deferred inflows | 9,417 | - |
| Total deferred inflows of resources | 9,417 | - |
| Net Position | | |
| Net investment in capital assets | 10,206 | - |
| Restricted for: | | |
| Flexible benefits | - | 12,389 |
| Unrestricted | (6,860) | - |
| Total net position | \$ 3,346 | 12,389 |

See notes to financial statements.

Corning Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2021

| | Business Type Activities Enterprise Funds | Governmental Activities Internal Service Fund |
|--------------------------------|--|--|
| Operating revenues: | | |
| Local sources | | |
| Charges for service | \$ 161,714 | 12,269 |
| Operating expenses: | | |
| Support services: | | |
| Administrative services: | | |
| Services | - | 11,950 |
| Non-instructional programs: | | |
| Food service operations: | | |
| Salaries | 82,724 | - |
| Benefits | 37,918 | - |
| Supplies | 102,253 | - |
| Depreciation | 3,010 | - |
| Community service operations: | | |
| Salaries | 143,457 | - |
| Benefits | 36,140 | - |
| Services | 69 | - |
| Supplies | 34,486 | - |
| Total operating expenses | 440,057 | 11,950 |
| Operating gain (loss) | (278,343) | 319 |
| Non-operating revenues: | | |
| State sources | 2,147 | - |
| Federal sources | 366,550 | - |
| Contributions | 4,000 | - |
| Transfers in | 17,000 | - |
| Total non-operating revenues | 389,697 | - |
| Change in net position | 111,354 | 319 |
| Net position beginning of year | (108,008) | 12,070 |
| Net position end of year | \$ 3,346 | 12,389 |

See notes to financial statements.

Corning Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

| | Business Type Activities | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Enterprise Funds | Internal Service Fund |
| Cash flows from operating activities: | | |
| Cash received from sales and services | \$ 159,422 | 12,269 |
| Cash payments to employees for services | (294,401) | - |
| Cash payments to suppliers for goods or services | (112,692) | (11,950) |
| Net cash used by operating activities | (247,671) | 319 |
| Cash flows from non-capital financing activities: | | |
| State grants received | 2,147 | - |
| Federal grants received | 345,047 | - |
| Transfers from (to) other funds | 17,000 | - |
| Net cash provided by non-capital financing activities | 364,194 | - |
| Cash flows from capital and related financing activities: | | |
| Contributions | 4,000 | - |
| Net increase in cash and cash equivalents | 120,523 | 319 |
| Cash and cash equivalents at beginning of year | 4,378 | 12,070 |
| Cash and cash equivalents at end of year | \$ 124,901 | 12,389 |
| Reconciliation of operating loss to net cash used by operating activities: | | |
| Operating gain (loss) | \$ (278,343) | 319 |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Commodities used | 21,503 | - |
| Depreciation | 3,010 | - |
| Decrease in inventories | 2,533 | - |
| (Increase) in accounts receivable | (2,292) | - |
| Increase in accounts payable | 80 | - |
| Increase in salaries and benefits payable | 3,105 | - |
| Increase in net pension liability | 36,061 | - |
| (Increase) in deferred outflows of resources | (23,332) | - |
| (Decrease) in deferred inflows of resources | (13,440) | - |
| Increase in other postemployment benefits | 3,444 | - |
| Net cash used by operating activities | \$ (247,671) | 319 |
| Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Position: | | |
| Current assets: | | |
| Cash and investments | \$ 124,901 | 12,389 |
| Cash and cash equivalents at year end | \$ 124,901 | 12,389 |

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2021, the District received \$21,503 of federal commodities.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Corning Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of Corning, Iowa, and the predominate agricultural territory in Adams and Taylor counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Corning Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Corning Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adams County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Management Fund: The Management Fund is used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in a separate fund.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following proprietary non-major funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Early Childhood Education Fund is used to account for the childcare service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments– The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Land | \$ 1,000 |
| Buildings | 1,000 |
| Improvements other than buildings | 1,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 1,000 |
| Other furniture and equipment | 1,000 |

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|-----------------------------------|--|
| Buildings | 50 |
| Improvements other than buildings | 20-50 |
| Furniture and equipment | 5-15 |

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Corning Community School District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund, the Enterprise, School Nutrition Fund and The Enterprise, Early Childhood Education Center.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable and income surtax receivable that will not be recognized until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures exceeded budgeted amounts in the non-instructional programs.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2021, the District had investments as follows:

| | |
|--|---------------------|
| Iowa Schools Joint Investment Trust (ISJIT): | |
| Diversified Portfolio (amortized cost) | \$ 1,063,093 |
| | <u>\$ 1,063,093</u> |

At June 30, 2021, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$1,063,093. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

| Transfer to | Transfer from | Amount |
|--|------------------------|-------------------|
| Debt Service | Capital Projects, SAVE | \$ 119,629 |
| Enterprise, Early Childhood Education Center | General Fund | 17,000 |
| Total | | <u>\$ 136,629</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

| | Balance beginning of year, as restated | Increases | Decreases | Balance end of year |
|--|---|-----------|-----------|------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 193,489 | - | - | 193,489 |
| Total capital assets not being depreciated | 193,489 | - | - | 193,489 |
| Capital assets being depreciated: | | | | |
| Buildings | 11,725,802 | - | - | 11,725,802 |
| Improvements other than buildings | 1,595,274 | 49,787 | - | 1,645,061 |
| Furniture and equipment | 2,470,416 | 280,292 | (2,570) | 2,748,138 |
| Total capital assets being depreciated | 15,791,492 | 330,079 | (2,570) | 16,119,001 |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,635,719 | 216,598 | - | 3,852,317 |
| Improvements other than buildings | 793,034 | 66,014 | - | 859,048 |
| Furniture and equipment | 1,328,153 | 225,148 | (2,313) | 1,550,988 |
| Total accumulated depreciation | 5,756,906 | 507,760 | (2,313) | 6,262,353 |
| Total capital assets being depreciated, net | 10,034,586 | (177,681) | (257) | 9,856,648 |
| Governmental activities capital assets, net | \$ 10,228,075 | (177,681) | (257) | 10,050,137 |
| Business type activities: | | | | |
| Furniture and equipment | \$ 163,631 | - | - | 163,631 |
| Less accumulated depreciation | 150,415 | 3,010 | - | 153,425 |
| Business type activities capital assets, net | \$ 13,216 | (3,010) | - | 10,206 |

Depreciation expense was charged to the following functions:

| | |
|--|------------|
| Governmental activities: | |
| Instruction: | |
| Regular | \$ 214,438 |
| Special | 19,480 |
| Other | 26,264 |
| Support services: | |
| Student | 871 |
| Instructional staff | 30,216 |
| Administration | 32,304 |
| Operation and maintenance of plant | 51,522 |
| Transportation | 132,665 |
| Total depreciation expense - governmental activities | \$ 507,760 |
| Business type activities: | |
| Food service operations | \$ 3,010 |

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|-----------------------------------|---------------------------------|-----------|------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 3,400,000 | - | 560,000 | 2,840,000 | 295,000 |
| General obligation bonds discount | (12,101) | - | (1,344) | (10,757) | - |
| General obligation bonds premium | 52,214 | - | 5,801 | 46,413 | - |
| Revenue bonds | 860,000 | - | 97,000 | 763,000 | 102,000 |
| Early retirement | 118,415 | 45,213 | 59,207 | 104,421 | 74,279 |
| Net pension liability | 2,486,378 | 538,048 | - | 3,024,426 | - |
| Net OPEB liability | 846,025 | 61,988 | - | 908,013 | - |
| Total | \$ 7,750,931 | 645,249 | 720,664 | 7,675,516 | 471,279 |
| Business type activities: | | | | | |
| Net pension liability | \$ 95,718 | 36,061 | - | 131,779 | - |
| Net OPEB liability | 47,002 | 3,444 | - | 50,446 | - |
| | \$ 142,720 | 39,505 | - | 182,225 | - |

General Obligation Bonds Payable

Details of the District's June 30, 2021 general obligation bonded indebtedness are as follows:

| Bond Issue of May 1, 2020 | | | | |
|----------------------------|-------------------|--------------|----------|-----------|
| Year ending June 30, | Interest Rates | Principal | Interest | Total |
| 2022 | 2.000% | \$ 295,000 | 56,800 | 351,800 |
| 2023 | 2.000% | 300,000 | 50,900 | 350,900 |
| 2024 | 2.000% | 305,000 | 44,900 | 349,900 |
| 2025 | 2.000% | 310,000 | 38,800 | 348,800 |
| 2026 | 2.000% | 315,000 | 32,600 | 347,600 |
| 2027 | 2.000% | 325,000 | 26,300 | 351,300 |
| 2028 | 2.000% | 330,000 | 19,800 | 349,800 |
| 2029 | 2.000% | 335,000 | 13,200 | 348,200 |
| 2030 | 2.000% | 325,000 | 6,500 | 331,500 |
| Total | | \$ 2,840,000 | 289,800 | 3,129,800 |

On May 1, 2020, the District issued \$3,400,000 in General Obligation Refunding Bonds to currently refund bonds issued May 1, 2010. The bonds bear an interest rate of 2.0% per annum. During the year ended June 30, 2021, principal and interest paid were \$560,000 and \$68,000, respectively.

Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded indebtedness are as follows:

| Bond Issue of April 30, 2020 | | | | |
|------------------------------|-------------------|------------|----------|---------|
| Year ending June 30, | Interest Rates | Principal | Interest | Total |
| 2022 | 2.250% | \$ 102,000 | 17,168 | 119,168 |
| 2023 | 2.250% | 104,000 | 14,872 | 118,872 |
| 2024 | 2.250% | 107,000 | 12,533 | 119,533 |
| 2025 | 2.250% | 109,000 | 10,125 | 119,125 |
| 2026 | 2.250% | 111,000 | 7,672 | 118,672 |
| 2027 | 2.250% | 114,000 | 5,175 | 119,175 |
| 2028 | 2.250% | 116,000 | 2,610 | 118,610 |
| Total | | \$ 763,000 | 70,155 | 833,155 |

The District has pledged future statewide sales, services and use tax revenues to repay the \$860,000 of bonds issued in April, 2020. The bonds were issued for the purpose of refinancing a prior revenue bond issue. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2028. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$833,155. For the current year, \$119,629 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$405,219.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be distributed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking accounts may be transferred to the project account to be used for any lawful purpose.

The District did comply with all revenue bond provisions during the year ended June 30, 2021. The required reserve account was established by the District.

Early Retirement

The District offered a voluntary early retirement plan to its certified employees. Eligible employees must have been at least age fifty-nine and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 25% of the District's base salary calculated by using the current year regular salary schedule. Early retirement benefits paid during the year ended June 30, 2021, totaled \$59,207.

(6) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 were \$337,738.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$3,156,205 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was 0.144293%, which was an increase of 0.000952% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$464,159. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 3,487 | 74,810 |
| Changes of assumptions | 162,006 | - |
| Net difference between projected and actual earnings on IPERS' investments | 436,935 | 259,507 |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | 67,296 | 68,221 |
| District contributions subsequent to the measurement date | 337,738 | - |
| Total | <u>\$ 1,007,462</u> | <u>402,538</u> |

\$337,738 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June, 30 | |
|-------------------------|-------------------|
| 2022 | \$ 42,732 |
| 2023 | 62,754 |
| 2024 | 54,206 |
| 2025 | 103,329 |
| 2026 | 4,165 |
| | <u>\$ 267,186</u> |

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

| | |
|--|--|
| Rate of Inflation (effective June 30, 2017) | 2.60% per annum. |
| Rates of salary increase (effective June 30, 2017) | 3.25% to 16.25% average, including inflation. Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 2017) | 7.00% compounded annually, net investment expense, including inflation. |
| Wage growth (effective June 30, 2017) | 3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation. |

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------|-------------------------|---|
| Domestic equity | 22.0% | 4.43% |
| International equity | 17.5 | 5.15 |
| Global smart beta equity | 6.0 | 4.87 |
| Core plus fixed income | 28.0 | (0.29) |
| Public credit | 4.0 | 2.29 |
| Cash | 1.0 | (0.78) |
| Private equity | 11.0 | 6.54 |
| Private real assets | 7.5 | 4.48 |
| Private credit | 3.0 | 3.11 |
| Total | 100% | |

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 5,262,689 | \$ 3,156,195 | \$ 1,389,932 |

IPERS Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2021, the District reported payables to IPERS of \$34,532 for legally required District contributions and \$23,009 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

OPEB Benefits – Individuals who are employed by Corning Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 5 |
| Active employees | 68 |
| | <u>73</u> |

Total OPEB Liability – the District's total OPEB liability of \$958,459 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

| | |
|---|---|
| Rate of Inflation (effective June 30, 2021) | 2.50% per annum. |
| Rates of salary increase (effective June 30, 2021) | 0.00% per annum including inflation |
| Discount rate (effective June 30, 2021) | 1.92% compounded annually, including inflation |
| Healthcare cost trend rate (effective June 30, 2021) | 6.40% initial rate decreasing annually to an ultimate rate of 4.0% |

Discount Rate – The discount rate used to measure the total OPEB liability was 1.92% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 mortality tables fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Total OPEB liability beginning or year | <u>\$ 893,027</u> |
| Changes for the year: | |
| Service cost | 80,343 |
| Interest | 22,921 |
| Change of assumptions | 37,835 |
| Benefit payments | <u>(75,667)</u> |
| Net changes | 65,432 |
| Total OPEB liability end of year | <u>\$ 958,459</u> |

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (0.92%) or 1% higher (2.92%) than the current discount rate.

| | 1% Decrease (0.92%) | Discount Rate (1.92%) | 1% Increase (2.92%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 1,033,815 | 958,459 | 888,304 |

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.40%) or 1% higher (7.40%) than the current healthcare cost trend rates.

| | 1% Decrease (5.40%) | Healthcare Cost Trend Rate (6.40%) | 1% Increase (7.40%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 840,802 | 958,459 | 1,100,342 |

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$65,432.

(8) Risk Management

Corning Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$188,401 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Whole Grade Sharing Agreement

Effective July 1, 2013, the District entered into a whole grade sharing agreement with Villisca Community School district. The agreement allows for both Districts to maintain separate Pre-K through 5th grade programs. Villisca Community School District will serve students of both Districts in grades 6-8. Corning Community School District will serve students of both Districts in grades 9-12. This agreement shall continue for five years unless earlier terminated by mutual agreement of both Districts. It will continue thereafter for additional one-year terms unless either District delivers written notice to terminate eighteen months in advance. The District plans to hold public meetings related to a reorganization/merger during the 2020-21 fiscal year with an eventual public vote leading towards a complete merger by the 2022-23 fiscal year.

(11) Deficit Net Position

A net position deficit of \$52,821 exists in the Enterprise, Early Childhood Education Center.

(12) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

The District was not impacted by any tax abatements of other entities for the year ended June 30, 2021.

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2021, the District did not receive any reimbursement.

(13) Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a scheduled of the categorical funding restricted in the General Fund at June 30, 2021.

| Program | Amount |
|-----------------------------------|------------------|
| Home school assistance program | \$ 17,341 |
| Teacher salary supplement | 17,111 |
| Four-year old preschool state aid | 31,461 |
| Professional development | 4,359 |
| | <u>\$ 70,272</u> |

(14) Restatement

The beginning net position for governmental activities was restated due to a re-evaluation of capital assets and prior year receivables.

| | Governmental Activities | Debt Service Fund | Statewide Sales, Service and Use Tax |
|--|----------------------------|----------------------|--|
| Net position June 30, 2020, as previously reported | \$ 3,840,293 | \$ 164,747 | \$ 357,932 |
| Adjustment to buildings and accumulated depreciation | 686,000 | - | - |
| Adjustment to equipment and accumulated depreciation | 79,625 | - | - |
| Adjustment to prior year receivable | (28,562) | (1,797) | (26,765) |
| Net position June 30, 2020, as restated | <u>\$ 4,577,356</u> | <u>\$ 162,950</u> | <u>\$ 331,167</u> |

(15) Commitments and Contingencies:

The District has been named as a defendant in a civil rights complaint. At this time, it is unknown what, if any, effect this will have on the District's financial position.

(16) COVID-19

In March 2020, the COVID- 19 outbreak was declared a global pandemic. The disruption to business across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Corning Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Corning Community School District. However, the extent of the financial impact of COVID- 19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Corning Community School District.

(17) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30,2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported

Required Supplementary Information

Corning Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2021

| | Governmental Funds Actual | Proprietary Fund Actual | Total Actual | Budgeted Amounts | | Final to Actual Variance- Positive (Negative) |
|---|---------------------------------|-------------------------------|-----------------|------------------|-------------|--|
| | | | | Original | Final | |
| Revenues: | | | | | | |
| Local sources | \$ 5,715,877 | 165,714 | 5,881,591 | 5,710,269 | 5,710,269 | 171,322 |
| State sources | 3,234,635 | 2,147 | 3,236,782 | 3,299,227 | 3,299,227 | (62,445) |
| Federal sources | 704,337 | 366,550 | 1,070,887 | 375,000 | 375,000 | 695,887 |
| Total revenues | 9,654,849 | 534,411 | 10,189,260 | 9,384,496 | 9,384,496 | 804,764 |
| Expenditures/Expenses: | | | | | | |
| Instruction | 4,617,408 | - | 4,617,408 | 5,025,000 | 6,000,000 | 1,382,592 |
| Support services | 2,640,271 | - | 2,640,271 | 2,650,000 | 2,650,000 | 9,729 |
| Non-instructional programs | - | 440,057 | 440,057 | 230,000 | 425,000 | (15,057) |
| Other expenditures | 1,159,741 | - | 1,159,741 | 1,330,581 | 1,750,000 | 590,259 |
| Total expenditures/expenses | 8,417,420 | 440,057 | 8,857,477 | 9,235,581 | 10,825,000 | 1,967,523 |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 1,237,429 | 94,354 | 1,331,783 | 148,915 | (1,440,504) | 2,772,287 |
| Other financing sources, net | (136) | 17,000 | (17,136) | - | - | (17,136) |
| Change in fund balance | 1,237,293 | 111,354 | 1,314,647 | 148,915 | (1,440,504) | 2,755,151 |
| Balances beginning of year, as restated | 1,951,307 | (108,008) | 1,843,299 | 1,719,795 | 1,719,795 | 123,504 |
| Balances end of year | \$ 3,188,600 | 3,346 | 3,157,946 | 1,868,710 | 279,291 | 2,878,655 |

See accompanying independent auditor's report.

Corning Community School District
Notes to Required Supplementary Information- Budgetary Reporting
Year Ended June 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,589,419.

During the year ended June 30, 2021, expenditures exceeded budgeted amounts in the non-instructional programs function.

Corning Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Seven Years* (In Thousands)
Required Supplementary Information

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the net pension liability | 0.045245% | 0.044293% | 0.046027% | 0.045601% | 0.044865% | 0.046548% | 0.049456% |
| District's proportionate share of the net pension liability | \$ 3,156 | 2,582 | 2,912 | 3,010 | 2,798 | 2,314 | 2,002 |
| District's covered-employee payroll | \$ 3,566 | 3,394 | 3,458 | 3,373 | 3,191 | 3,209 | 3,302 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 88.50% | 76.08% | 84.21% | 89.24% | 87.68% | 72.11% | 60.63% |
| IPERS' net position as a percentage of the total pension liability | 82.90% | 85.45% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Corning Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last 10 Years (In Thousands)
Required Supplementary Information

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Statutorily required contribution | \$ 338 | 337 | 320 | 309 | 301 | 285 | 287 | 295 | 272 | 257 |
| Contributions in relation to the statutorily required contribution | (338) | (337) | (320) | (309) | (301) | (285) | (287) | (295) | (272) | (257) |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| District's covered-employee payroll | \$ 3,578 | 3,566 | 3,394 | 3,458 | 3,373 | 3,191 | 3,209 | 3,302 | 3,133 | 3,197 |
| Contributions as a percentage of covered-employee payroll | 9.45% | 9.45% | 9.43% | 8.94% | 8.92% | 8.93% | 8.94% | 8.93% | 8.68% | 8.04% |

See accompanying independent auditor's report.

Corning Community School District
Notes to Required Supplementary Information- Pension Liability
Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**Corning Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Four Years
Required Supplementary Information**

| | 2021 | 2020 | 2019 | 2018 |
|--|-------------------|----------------|----------------|----------------|
| Service cost | \$ 80,343 | 22,848 | 22,848 | 22,848 |
| Interest cost | 22,921 | 8,178 | 8,986 | 8,359 |
| Difference between expected and actual experiences | - | 604,840 | - | - |
| Changes in assumptions | 37,835 | 97,764 | - | - |
| Recognition of deferred inflows/outflows | - | - | (13,606) | (10,313) |
| Benefit payments | (75,667) | (75,161) | (4,388) | (3,511) |
| Net change in total OPEB liability | 65,432 | 658,469 | 13,840 | 17,383 |
| Total OPEB liability beginning of year | 893,027 | 234,558 | 220,718 | 203,335 |
| Total OPEB liability end of year | <u>\$ 958,459</u> | <u>893,027</u> | <u>234,558</u> | <u>220,718</u> |
| Covered-employee payroll | \$ 3,248,283 | 3,174,866 | 3,144,775 | 2,934,643 |
| Total OPEB liability as a percentage of covered-employee payroll | 29.51% | 28.13% | 7.46% | 7.52% |

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

| | |
|--------------------------|-------|
| Year ended June 30, 2021 | 1.92% |
| Year ended June 30, 2020 | 2.45% |
| Year ended June 30, 2019 | 3.72% |
| Year ended June 30, 2018 | 3.72% |
| Year ended June 30, 2017 | 2.50% |

See accompanying independent auditor's report.

Supplementary Information

Corning Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2021

| Account | Balance Beginning of Year | Revenues | Expenditures | Intra-fund Transfers | Balance End of Year |
|-------------------------------|---------------------------------|----------|--------------|-------------------------|---------------------------|
| Other Unreserved Fund Balance | \$ 1,129 | - | - | - | 1,129 |
| High School Drama | 3,464 | 444 | 1,112 | - | 2,796 |
| Musical/Madrigal | 5,084 | 1,069 | 3,379 | - | 2,774 |
| Cross Country | 1,072 | 195 | 225 | 75 | 1,117 |
| Tennis | 2,204 | 52 | 449 | 150 | 1,957 |
| Golf | 358 | - | - | - | 358 |
| Dance Team | 4,820 | 2,314 | 2,732 | - | 4,402 |
| Boys Basketball | 431 | 322 | 180 | 75 | 648 |
| Football | 4,058 | 11,522 | 13,284 | - | 2,296 |
| Baseball | 255 | - | 353 | 98 | - |
| Boys Track | 945 | 129 | 270 | - | 804 |
| Wrestling | 628 | 471 | 169 | 75 | 1,005 |
| Girls Basketball | 1,734 | 171 | 944 | 75 | 1,036 |
| Volleyball | 1,558 | 1,071 | 757 | - | 1,872 |
| Cheerleaders | 1,149 | 250 | 520 | - | 879 |
| Softball | 1,497 | 479 | 1,091 | 75 | 960 |
| Girls Track | 3,597 | 499 | 621 | 75 | 3,550 |
| Athletics-General | 6,939 | 37,969 | 39,479 | (98) | 5,331 |
| FBLA | 6,180 | 5,108 | 5,119 | - | 6,169 |
| Art | 218 | - | - | - | 218 |
| K-6 Bookfair | - | 250 | - | - | 250 |
| FFA | 8,641 | 27,366 | 24,250 | - | 11,757 |
| FCCLA | 5,478 | 14,396 | 12,929 | - | 6,945 |
| T-Wolf Café | 1,601 | 3 | - | - | 1,604 |
| ELP | 293 | - | 40 | - | 253 |
| K-12 Special Needs | 13 | - | - | - | 13 |
| Foreign Language Club | 546 | - | - | - | 546 |
| Concessions | 187 | 9,113 | 6,986 | (2,175) | 139 |
| Senior Class | 6,127 | - | 3,792 | (877) | 1,458 |
| Junior Class | - | 2,710 | 4,268 | 1,558 | - |
| Student Council | 1,893 | 626 | 487 | - | 2,032 |
| Y-Teens | 6,828 | 663 | 945 | 45 | 6,591 |
| Yearbook | 3,531 | 3,945 | 8,352 | 876 | - |
| Elementary Yearbook | 285 | 870 | 943 | - | 212 |
| Preschool Fundraiser | 1,449 | - | - | - | 1,449 |
| School Pictures | 909 | 304 | - | (539) | 674 |
| High School Pop Fund | 311 | 3,164 | 3,538 | 63 | - |
| PLTW - Robotics | 305 | - | - | (57) | 248 |
| K-6 Student Council | 114 | - | - | - | 114 |
| Timberwolves Jean Day | 157 | - | 696 | 539 | - |
| FCA | 37 | 18 | - | - | 55 |
| K-6 Pop | 523 | 157 | 455 | (63) | 162 |
| High School Horticulture | 7,516 | 1,440 | 1,046 | 30 | 7,940 |
| K-6 Box Top | 5,120 | 811 | 5,715 | - | 216 |
| John Harris Tourney | 3,999 | 7,646 | 8,422 | - | 3,223 |
| Total | \$ 103,183 | 135,547 | 153,548 | - | 85,182 |

See accompanying independent auditor's report.

**Corning Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2021**

| | Capital Projects | | |
|---|--|--------------------------------------|----------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 483,889 | 50,439 | 534,328 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | 4,419 | 4,419 |
| Succeeding year | - | 298,613 | 298,613 |
| Due from other governments | 33,899 | - | 33,899 |
| Total assets | \$ 517,788 | 353,471 | 871,259 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | 12,500 | 12,500 |
| | - | 12,500 | 12,500 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | - | 298,613 | 298,613 |
| Total deferred inflows of resources | - | 298,613 | 298,613 |
| Fund balances: | | | |
| Restricted for: | | | |
| School infrastructure | 517,788 | - | 517,788 |
| Physical plant and equipment | - | 42,358 | 42,358 |
| Total fund balances | 517,788 | 42,358 | 560,146 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 517,788 | 353,471 | 871,259 |

See accompanying independent auditor's report.

Corning Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2021

| | Capital Projects | | |
|---|---|---|-----------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ - | 288,655 | 288,655 |
| Other | 18 | 15,001 | 15,019 |
| State sources | 405,219 | 6,411 | 411,630 |
| Total revenues | 405,237 | 310,067 | 715,304 |
| Expenditures: | | | |
| Support Services: | | | |
| Instructional staff | 58,705 | 59,168 | 117,873 |
| Transportation | 13,000 | 51,668 | 64,668 |
| Other expenditures | | | |
| Facilities acquisition | 27,282 | 195,229 | 222,511 |
| Total expenditures | 98,987 | 306,065 | 405,052 |
| Excess (deficiency) of revenues over (under) expenditures | 306,250 | 4,002 | 310,252 |
| Other financing sources (uses): | | | |
| Transfers out | (119,629) | - | (119,629) |
| Total other financing sources (uses) | (119,629) | - | (119,629) |
| Change in fund balances | 186,621 | 4,002 | 190,623 |
| Fund balances beginning of year, as restated | 331,167 | 38,356 | 369,523 |
| Fund balances end of year | \$ 517,788 | 42,358 | 560,146 |

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2021

| | Business Type Activities | | | Governmental Activities | |
|---------------------------------------|--------------------------|----------------------------------|-----------|-------------------------|--------|
| | Enterprise Funds | | | Internal Service Fund | |
| | School Nutrition | Early Childhood Education Center | Total | Flexible Benefits | Total |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 118,263 | 6,638 | 124,901 | 12,389 | 12,389 |
| Accounts receivable | 3,345 | 15,105 | 18,450 | - | - |
| Due from other funds | 1,967 | - | 1,967 | - | - |
| Inventories | 4,561 | - | 4,561 | - | - |
| Total current assets | 128,136 | 21,743 | 149,879 | 12,389 | 12,389 |
| Non-current assets: | | | | | |
| Machinery and equipment | 163,631 | - | 163,631 | - | - |
| Accumulated depreciation | (153,425) | - | (153,425) | - | - |
| | 10,206 | - | 10,206 | - | - |
| Total assets | 138,342 | 21,743 | 160,085 | 12,389 | 12,389 |
| Deferred Outflows of Resources | | | | | |
| Pension related deferred outflows | 21,547 | 30,471 | 52,018 | - | - |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,012 | 580 | 1,592 | - | - |
| Salaries and benefits payable | 2,249 | 11,307 | 13,556 | - | - |
| Due to other funds | - | 1,967 | 1,967 | - | - |
| Total current liabilities | 3,261 | 13,854 | 17,115 | - | - |
| Noncurrent liabilities: | | | | | |
| Net pension liability | 67,003 | 64,776 | 131,779 | - | - |
| Net OPEB liability | 25,223 | 25,223 | 50,446 | - | - |
| Total noncurrent liabilities | 92,226 | 89,999 | 182,225 | - | - |
| Total liabilities | 95,487 | 103,853 | 199,340 | - | - |
| Deferred Inflows of Resources | | | | | |
| Pension related deferred inflows | 8,235 | 1,182 | 9,417 | - | - |
| Net position | | | | | |
| Net investment in capital assets | 10,206 | - | 10,206 | - | - |
| Restricted for: | | | | | |
| Flexible benefits | - | - | - | 12,389 | 12,389 |
| Unrestricted | 45,961 | (52,821) | (6,860) | - | - |
| Total net position | \$ 56,167 | (52,821) | 3,346 | 12,389 | 12,389 |

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2021

| | Business Type Activities | | | Governmental Activities | |
|--------------------------------|--------------------------|----------------------------------|-----------|-------------------------|--------|
| | Enterprise Funds | | | Internal Service Fund | |
| | School Nutrition | Early Childhood Education Center | Total | Flexible Benefits | Total |
| Operating revenue: | | | | | |
| Local sources: | | | | | |
| Other local sources: | | | | | |
| Food service sales | \$ 40,048 | - | 40,048 | - | - |
| Child care services | - | 121,666 | 121,666 | - | - |
| Other services | - | - | - | 12,269 | 12,269 |
| Total operating revenues | 40,048 | 121,666 | 161,714 | 12,269 | 12,269 |
| Operating expenses: | | | | | |
| Support services: | | | | | |
| Administrative services: | | | | | |
| Services | - | - | - | 11,950 | 11,950 |
| | - | - | - | 11,950 | 11,950 |
| Non-instructional programs: | | | | | |
| Operations: | | | | | |
| Salaries | 82,724 | 143,457 | 226,181 | | |
| Benefits | 37,918 | 36,140 | 74,058 | | |
| Services | - | 69 | 69 | - | - |
| Supplies | 102,253 | 34,486 | 136,739 | - | - |
| Depreciation | 3,010 | - | 3,010 | - | - |
| | 225,905 | 214,152 | 440,057 | - | - |
| Total operating expenses | 225,905 | 214,152 | 440,057 | 11,950 | 11,950 |
| Operating income (loss) | (185,857) | (92,486) | (278,343) | 319 | 319 |
| Non-operating revenues: | | | | | |
| State sources | 2,147 | - | 2,147 | - | - |
| Federal sources | 265,698 | 100,852 | 366,550 | - | - |
| Contributions | - | 4,000 | 4,000 | - | - |
| Transfers in | - | 17,000 | 17,000 | - | - |
| Total non-operating revenues | 267,845 | 121,852 | 389,697 | - | - |
| Change in net position | 81,988 | 29,366 | 111,354 | 319 | 319 |
| Net position beginning of year | (25,821) | (82,187) | (108,008) | 12,070 | 12,070 |
| Net position end of year | \$ 56,167 | (52,821) | 3,346 | 12,389 | 12,389 |

See accompanying independent auditor's report.

Corning Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2021

| | Business Type Activities | | | Governmental Activities | |
|---|--------------------------|----------------------------------|-----------|-------------------------|----------|
| | Enterprise Funds | | | Internal Service Fund | |
| | School Nutrition | Early Childhood Education Center | Total | Flexible Benefits | Total |
| Cash flows from operating activities: | | | | | |
| Cash received from sale of lunches and breakfasts | \$ 43,877 | - | 43,877 | - | - |
| Cash received from childcare services | - | 115,545 | 115,545 | - | - |
| Cash received from miscellaneous operating activities | - | - | - | 12,269 | 12,269 |
| Cash payments to employees for services | (114,404) | (179,997) | (294,401) | - | - |
| Cash payments to suppliers for goods or services | (77,511) | (35,181) | (112,692) | (11,950) | (11,950) |
| Net cash provided (used) by operating activities | (148,038) | (99,633) | (247,671) | 319 | 319 |
| Cash flows from non-capital financing activities: | | | | | |
| State grants received | 2,147 | - | 2,147 | - | - |
| Federal grants received | 244,195 | 100,852 | 345,047 | - | - |
| Transfers from (to) other funds | - | 17,000 | 17,000 | - | - |
| Advances from (to) other funds | (1,967) | 1,967 | - | - | - |
| Net cash provided by non-capital financing activities | 244,375 | 119,819 | 364,194 | - | - |
| Cash flows from capital and related financing activities: | | | | | |
| Contributions | - | 4,000 | 4,000 | - | - |
| | - | 4,000 | 4,000 | - | - |
| Net increase (decrease) in cash and cash equivalents | 96,337 | 24,186 | 120,523 | 319 | 319 |
| Cash and cash equivalents at beginning of year | 21,926 | (17,548) | 4,378 | 12,070 | 12,070 |
| Cash and cash equivalents at end of year | \$ 118,263 | 6,638 | 124,901 | 12,389 | 12,389 |
| Reconciliation of operating income (loss) to net cash used by operating activities: | | | | | |
| Operating income (loss) | \$ (185,857) | (92,486) | (278,343) | 319 | 319 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Commodities received | 21,503 | - | 21,503 | - | - |
| Depreciation | 3,010 | - | 3,010 | - | - |
| Decrease (increase) in inventories | 2,533 | - | 2,533 | - | - |
| Decrease (increase) in accounts receivable | 3,829 | (6,121) | (2,292) | - | - |
| Increase (decrease) in accounts payable | 706 | (626) | 80 | - | - |
| Increase (decrease) in salaries and benefits payable | 1,825 | 1,280 | 3,105 | - | - |
| Increase (decrease) in net pension liability | 12,696 | 23,365 | 36,061 | - | - |
| Decrease (increase) in deferred outflows of resources | (5,272) | (18,060) | (23,332) | - | - |
| Increase(decrease) in deferred inflows of resources | (4,733) | (8,707) | (13,440) | - | - |
| Increase (decrease) in other postemployment benefits | 1,722 | 1,722 | 3,444 | - | - |
| Net cash provided (used by) operating activities | \$ (148,038) | (99,633) | (247,671) | 319 | 319 |
| Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet: | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 118,263 | 6,638 | 124,901 | 12,389 | 12,389 |
| Cash and cash equivalents at year end | \$ 118,263 | 6,638 | 124,901 | 12,389 | 12,389 |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2021, the District received \$21,503 of federal commodities.

See accompanying independent auditor's report.

Corning Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

| | Modified Accrual Basis | | | | | | | | | |
|------------------------------------|------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Local tax | \$ 4,408,027 | 4,079,359 | 3,765,738 | 3,523,196 | 3,237,390 | 2,982,356 | 2,860,990 | 2,735,879 | 2,936,479 | 2,835,435 |
| Tuition | 827,805 | 783,216 | 923,200 | 808,283 | 839,837 | 829,653 | 815,640 | 910,222 | 296,395 | 264,176 |
| Other | 480,045 | 508,933 | 430,609 | 706,319 | 525,355 | 515,022 | 495,443 | 582,434 | 321,588 | 355,929 |
| State sources | 3,234,635 | 3,151,148 | 2,987,026 | 2,940,893 | 3,018,811 | 2,829,134 | 2,736,218 | 2,577,323 | 2,318,502 | 2,550,060 |
| Federal sources | 704,337 | 219,228 | 226,192 | 176,537 | 155,690 | 171,759 | 170,167 | 178,370 | 208,821 | 182,624 |
| Total | \$ 9,654,849 | 8,741,884 | 8,332,765 | 8,155,228 | 7,777,083 | 7,327,924 | 7,078,458 | 6,984,228 | 6,081,785 | 6,188,224 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 2,452,264 | 2,453,722 | 2,397,501 | 2,313,364 | 2,469,782 | 2,788,757 | 2,790,281 | 2,929,478 | 2,385,365 | 2,424,219 |
| Special | 1,023,213 | 1,075,349 | 1,015,609 | 939,312 | 942,065 | 872,174 | 775,958 | 985,407 | 765,166 | 787,879 |
| Other | 1,141,931 | 1,087,621 | 1,106,267 | 1,216,195 | 968,380 | 567,834 | 532,971 | 618,255 | 576,420 | 515,502 |
| Support services: | | | | | | | | | | |
| Student | 105,426 | 114,517 | 71,806 | 129,019 | 151,465 | 134,731 | 81,936 | 20,633 | 5,780 | 7,158 |
| Instructional staff | 600,024 | 375,465 | 352,117 | 507,211 | 364,901 | 312,878 | 293,881 | 288,868 | 278,570 | 282,785 |
| Administration | 754,158 | 849,037 | 771,168 | 786,534 | 770,593 | 674,336 | 671,123 | 678,748 | 649,796 | 631,218 |
| Operation and maintenance of plant | 711,127 | 559,307 | 570,908 | 535,549 | 501,666 | 527,390 | 571,337 | 550,954 | 545,411 | 525,136 |
| Transportation | 469,536 | 594,610 | 646,447 | 482,366 | 503,705 | 495,572 | 520,578 | 446,204 | 399,571 | 328,564 |
| Non-instructional programs | - | - | - | - | - | - | - | - | - | 233 |
| Other expenditures: | | | | | | | | | | |
| Facilities acquisition | 222,511 | 410,373 | 265,403 | 120,149 | 422,829 | 473,295 | 552,357 | 220,554 | 309,437 | 1,815,463 |
| Long-term debt: | | | | | | | | | | |
| Principal | 657,000 | 4,845,000 | 360,000 | 350,000 | 340,000 | 325,000 | 315,000 | 285,000 | 250,000 | 190,000 |
| Interest and other charges | 91,829 | 254,087 | 215,669 | 230,331 | 240,431 | 251,713 | 264,081 | 272,869 | 280,494 | 283,981 |
| AEA flowthrough | 188,401 | 187,801 | 185,250 | 187,085 | 181,527 | 182,744 | 183,337 | 181,682 | 175,744 | 177,596 |
| Total | \$ 8,417,420 | 12,806,889 | 7,958,145 | 7,797,115 | 7,857,344 | 7,606,424 | 7,552,840 | 7,478,652 | 6,621,754 | 7,969,734 |

See accompanying independent auditor's report

Corning Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

| <u>Grantor/Program</u> | Pass-Through | | |
|--|---------------------------------|---------------------------------|--------------|
| | Assistance Listing Number | Entity Identifying Number | Expenditures |
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| National School Lunch Program | 10.555 | FY 21 | \$ 21,503 |
| COVID-19 - National School Lunch Program | 10.555 | FY 21 | 36,739 |
| Program Total | | | 58,242 |
| Summer Food Service Program For Children | 10.559 | FY 21 | 208,420 |
| Cluster Total | | | 266,662 |
| Child and Adult Care Food Program | 10.558 | FY 21 | 19,040 |
| U.S. Department of Treasury: | | | |
| Iowa Department of Education: | | | |
| Coronavirus Relief Fund | 21.019 | FY 21 | 19,215 |
| U.S. Department of Education: | | | |
| Iowa Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | FY 21 | 95,354 |
| Rural Education Achievement Program | 84.358 | FY 21 | 30,889 |
| Supporting Effective Instruction State Grant | 84.367 | FY 21 | 12,384 |
| Student Support and Academic Enrichment Program | 84.424 | FY 21 | 32,265 |
| Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster: | | | |
| COVID-19 Elementary and Secondary School Relief (ESSER) Funds | 84.425D | FY 21 | 79,661 |
| COVID-19 Elementary and Secondary School Relief (ESSER II) Funds | 84.425D | FY 21 | 316,266 |
| Program Total | | | 395,927 |
| COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III) | 84.425U | FY 21 | 54,978 |
| Cluster Total | | | 450,905 |
| Area Education Agency: | | | |
| Special Education - Grants to States | 84.027 | FY 21 | 18,769 |
| U.S. Department of Health and Human Services | | | |
| Iowa Department of Education | | | |
| Child Care Development Block Grants | 93.575 | FY 21 | 80,848 |
| Total | | | \$ 1,026,331 |

See Notes to Schedule of Expenditures of Federal Awards.

Corning Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Corning Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost of Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule only presents a portion of the operations of Corning Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Corning Community School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such as expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Corning Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$21,503 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, Assistance Listing No. 10.555.

Note 5. Pass-through Funding

Of the federal expenditures presented in the Schedule, the District provided federal awards to subrecipients as follows:

| Program Title | Assistance Listing Number | Amount provided To Subrecipients |
|---|---------------------------------|-------------------------------------|
| Child and Adult Care Food Program | 10.558 | \$818 |
| Child Care and Development Block Grants | 93.575 | \$10,570 |

Corning Community School District



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of Corning Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Corning Community School District, Corning Iowa, as of and for the year ended June 30, 2021, and the related Notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corning Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corning Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corning Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses. See the accompanying Schedule of Findings and Questioned Costs, Part II-A-21.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corning Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Corning Community School District's Responses to Findings

Corning Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Corning Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Corning Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 21, 2021



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Education of Corning Community School District:

Report on Compliance for Each Major Federal Program

We have audited Corning Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Corning Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Corning Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Corning Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Corning Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Corning Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The management of Corning Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Corning Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Corning Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 we consider to be a material weakness.

Corning Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Corning Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 21, 2021

**Corning Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over major programs was disclosed by the audit of the financial statement.
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516a.
- g) Major programs were as follows:
 - Education Stabilization Fund Cluster:
 - Assistance Listing Number 84.425D- COVID-19 Elementary and Secondary School Emergency School Relief (ESSER and ESSERII) Fund.
 - Assistance Listing Number 84.425U- COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSERIII) Fund.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Corning Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties- The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation- We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response- We will continue to review our procedures and implement additional controls where possible.

Conclusion- Response accepted.

Corning Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

AL Number 84.425 D- COVID- 19 Elementary and Secondary School Relief (ESSER) Funds

Pass-through Entity Identifying Number; N/A

Federal Year Award: 2021

Prior Year Finding Number- N/A

U.S. Department of Education

Passed through the Iowa Department of Education

AL Number 84.425 U. COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSERIII) Fund

Pass-through Entity Identifying Number; N/A

Federal Year Award: 2021

Prior Year Finding Number- N/A

U.S. Department of Education

Passed through the Iowa Department of Education

III-A-21 Segregation of Duties: The District did not properly segregate custody, record- keeping and reconciling function
(2021-001) revenues, including those related to federal programs. See II-A-21

Part IV: Other Findings Related to Required Statutory Reporting

IV-1-21 Certified Budget – Expenditures for the year ended June 30, 2021, exceeded budgeted amounts in the non-instructional programs function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded

Conclusion – Response accepted.

IV-2-21 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-3-21 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-4-21 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-5-21 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa

IV-6-21 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-7-21 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

Corning Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

- IV-8-21 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-9-21 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-10-21 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-11-21 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-12-21 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-13-21 Deficit Balance – The Early Childhood Education Center had a deficit balance at June 30, 2021.

Recommendation: The District should continue to investigate alternatives to eliminate the deficit.

Response: The District is continuing to investigate alternatives to eliminate the deficit at the end of the fiscal year.

Conclusion: Response accepted

- IV-14-21 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | | |
|------------------------------------|----|-----------|------------------|
| Beginning balance | | \$ | 569,689 |
| Revenues/transfers in: | | | |
| Sales tax revenues | \$ | 460,878 | |
| Other local revenues | | 6,504 | |
| Revenue bond proceeds | | 860,000 | |
| Transfers from other funds | | 1,131 | 1,328,513 |
| | | | <u>1,898,202</u> |
| Expenditures/transfers out: | | | |
| School infrastructure construction | | 245,823 | |
| Equipment | | 181,474 | |
| Transfers to other funds: | | | |
| Debt service funds | | 1,112,973 | 1,540,270 |
| | | | <u>1,540,270</u> |
| Ending balance | | \$ | <u>357,932</u> |

For the year ended June 30, 2021, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.